

Hearing Date: May 18, 2011 at 10:00 a.m. (Prevailing Eastern Time)

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

LEHMAN BROTHERS HOLDINGS INC., *et al.*,  
  
Debtors.

Case No. 08-13555 (JMP)  
(Jointly Administered)

**STATEMENT OF THE SIPA TRUSTEE REGARDING DEBTORS' MOTION  
PURSUANT TO SECTIONS 105(A) AND 363 OF THE BANKRUPTCY CODE AND  
RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE  
FOR AUTHORIZATION TO SETTLE AND SATISFY CORPORATE  
FRANCHISE TAX CLAIMS OF THE NEW YORK STATE  
DEPARTMENT OF TAXATION AND FINANCE**

James W. Giddens (the "Trustee"), as Trustee for the SIPA liquidation of Lehman Brothers Inc. ("LBI"), by and through his undersigned counsel, respectfully submits this statement regarding the Debtors' Motion Pursuant to Sections 105(a) and 363 of the Bankruptcy Code and Rule 9019 of the Federal Rules of Bankruptcy Procedure for Authorization to Settle and Satisfy Corporate Franchise Tax Claims of the New York State Department of Taxation and

Finance, dated April 26, 2011 (the “Motion, ” Docket No. 16254).<sup>1</sup> In support of his Statement, the Trustee respectfully states as follows:

1. The Motion seeks authorization to consummate a Closing Agreement with the NYSDTF, whereby LBHI, on behalf of the Combined Lehman Group, will make a fixed payment of \$144,128,249 to the NYSDTF in full and final satisfaction of the Combined Group’s liability for corporate franchise tax for the Audit Period (1992 through 2007 tax years), in exchange for the NYSDTF withdrawing proofs of claim it filed against LBHI and releasing the Combined Group, which includes LBI, from further liability for corporate franchise tax for the Audit Period. (Motion at ¶ 3.)

2. The Motion further states that “LBHI will make an equitable allocation of any amounts that it pays to the NYSDTF among Debtor and non-Debtor entities, including LBI, based on each entity’s allocable share of such amounts.” (*Id.* at ¶ 5.)

3. The Trustee does not object to the Motion’s request that LBHI be authorized to enter into the Closing Agreement. In filing this Statement, the Trustee does not consent to any potential allocation to LBI for liability for amounts paid to the NYSDTF under the Closing Agreement. The Trustee continues to reserve all rights with respect to any claim that LBHI and other Debtors and their non-debtor affiliates have asserted in the SIPA Proceeding arising from or relating to the Closing Agreement, matters described in the Motion and otherwise.

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1. Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

Dated: New York, New York  
May 11, 2011

Respectfully submitted,

HUGHES HUBBARD & REED LLP

By: /s/ James B. Kobak, Jr.  
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